

CSDs: TASECH (Israel)

Date: 12 Jul 2011

SMI Markets: Israel

CMIRR Markets: Israel

Settlement Cycle for Equities and Mutual Funds to Be Changed from T+0 to T+1

The Tel Aviv Stock Exchange Clearing House (TASECH) plans to change the settlement cycle for equities and mutual funds from T+0 to T+1 in December 2011. The number of settlement batches (two) and the time when members must make securities available in their account for settlement on T+1 will be the same as for corporate bonds and government bonds.

CSD Risk Impact

TASECH (Israel)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = AA

Flash Impact = Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A+

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = Positive

Currently transactions in equities and mutual funds are settled after the trading day during the overnight run with value T+0, on a conditional basis until T+1 when funds are transferred. Moving the securities settlement cycle from T+0 to T+1 implies that the seller will bear a shorter asset commitment period, and that the transactions in these securities will be settled on a simultaneous DVP basis on T+1. Besides, the introduction of the afternoon settlement batch will also help mitigate the settlement fails in the market through the recycling of failed trades from the morning batch into the afternoon batch. Therefore, the impact is positive for Asset Commitment Risk, Counterparty Risk and Liquidity Risk.

Market Information Impact

Israel

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Israel

Market Rating: A

Market Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = AA

Flash Impact = Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

Currently transactions in equities and mutual funds are settled after the trading day during the overnight run with value T+0, on a conditional basis until T+1 when funds are transferred. Moving the securities settlement cycle from T+0 to T+1 implies that the seller will bear a short asset commitment period, and that the transactions in these securities will be settled on a simultaneous DVP on T+1. Besides, the introduction of the afternoon settlement batch will also help mitigate the settlement fails in the market through the recycling of failed trades from the morning batch into the afternoon batch. Therefore, the impact is positive for Asset Commitment Risk, Counterparty Risk and Liquidity Risk.

Related Flash: [Corporate bonds- Transition to Settlement on T+1- Update, 30/11/2010 \(click to view\)](#)

For further information contact:

Ana Giraldo - Americas and Eurasia

Barry Morales - Asia Pacific

Guillaume Viteau - Western Europe (incl. EU)

Sinang Chrea - Africa, Middle East

Tel. +44 (0) 20 8600 2300 | Fax. +44 (0) 20 8741 7468

Email: cmiqueries@thomasmurray.com

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